June 30, 2026

BUFFALO GROWTH FUND

QUARTERLY COMMENTARY

PERFORMANCE COMMENTARY

The Buffalo Growth Fund advanced 12.58% in the quarter, underperforming the Russell 3000 Growth® Index which gained 17.05%. Underperformance was primarily due to exposure to Software and Information Services businesses which, despite historically low valuations, became lightning rods for AI disruption risk. Traditionally these have been exceptionally high-quality businesses which have compounded growth and earnings at high rates for a long period of time. The deepening penetration of AI has not only called into question the moats of those businesses but may also affect growth rates and undermine customarily large gross margins as AI native competitors have the potential to flood the marketplace and made it extraordinarily difficult for investors to properly size future cash flows and terminal values. This uncertainty has driven a lot of indiscriminate selling. In most cases valuations now reflect better risk/reward tradeoffs, but nevertheless, performance results from these companies were a drag on returns throughout the first half of the year.

The second quarter was also a hall of fame period for semiconductor companies. Within the Russell 3000® Growth Index, the semiconductor industry gained over 31% despite the fact that NVIDIA and Broadcom, which comprise nearly 20% of the benchmark's total weight, underperformed the semiconductor group with returns of 14.86% and 22.25%, respectively. The market migrated away from the mega-cap chip companies as earnings per share (EPS) revisions will become much tougher moving forward. Semiconductor performance broadened significantly during the period with smaller cap companies, semi-cap equipment and memory all benefitting. We significantly repositioned the fund's semiconductor exposure in the quarter to capture this broadening trade.

PERFORMANCE (%) AS OF 6/30/2026

Average Annual Returns	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Inception
Investor Class - BUFGX	**7.32**	**15.08**	**8.38**	**13.74**	**12.54**	**10.87**
Institutional Class - BIIGX[1]	**7.46**	**15.21**	**8.51**	**13.90**	**12.70**	**11.03**
Russell 3000® Growth Index	18.24	22.26	13.17	18.13	16.06	11.27

[1]For performance prior to 7/1/19 (Inception Date of Institutional Class), performance of the Investor Class shares is used and includes expenses not applicable to and higher than those of the Institutional Class shares. Data represented reflects past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Current performance may be lower or higher than the performance quoted. Performance current to the most recent month end may be obtained by visiting the Funds' website at buffalofunds.com.

▲ TOP CONTRIBUTORS

Alphabet was the top contributor to the portfolio in the quarter. The company continued to exhibit superior positioning in AI as Google Cloud reported top-line growth of 63% and nearly doubled its backlog from the prior quarter. At the same time, Alphabet's core search business grew 19%. It continues to benefit from improved search monetization driven by Google Gemini models. Alphabet remains the fund's largest position.

FUND FACTS

	Inv.	*Inst.*
Ticker	BUFGX	BIIGX
Inception Date	5/19/95	7/1/19
Expense Ratio	0.87%	0.77%
Fund Assets		$171.79M
Morningstar Category		Large Cap Growth
Benchmark Index		Russell 3000® Growth Index

FUND MANAGEMENT

Grant LacKamp, CFA
Manager since 2026
M.B.A. – Kansas State University
B.S. - Kansas State University

TOP 10 HOLDINGS (%)*

NVIDIA Corporation	13.51
Microsoft Corporation	10.17
Alphabet, Inc.	10.15
Amazon.com, Inc.	9.40
Apple, Inc.	9.08
Meta Platforms, Inc.	5.61
Broadcom, Inc.	3.82
Visa, Inc.	2.76
Mastercard Inc.	2.64
Uber Technologies, Inc.	1.80
Top 10 Holdings Total	68.93

TOP CONTRIBUTORS (CONTINUED)

Palo Alto Networks was also a top contributor for the quarter. After a lackluster first quarter cybersecurity came roaring back this period. The portfolio's overweight position to Palo Alto contributed over 1% to the fund's return in the quarter. The market began focusing on the idea that increased penetration of Agentic AI and utilization of Chinese open-source models, is going to drive much higher attach rates for existing security vendors. Within the cybersecurity world, it's much more likely that incumbent software vendors will leverage their strong reputation and overlay AI over the top of their existing software solutions to protect enterprises from a broadening attack surface. The price for trialing an AI native in the security space is enormous. We trimmed the investment slightly after the close of the quarter but continued to maintain a large position in Palo Alto Networks.

TOP DETRACTORS

Shares of **Intuitive Surgical** came into 2026 trading at a large premium to medtech peers but have pulled back over the first half of the year. Domestic procedure growth continued to decelerate, and the market has become a bit more cautious of increasing competition. We understand the concerns but simultaneously appreciate the large, and widening, lead the company has in the marketplace. We believe the stock's risk/reward prolife is attractive with shares trading at their lowest levels since the COVID pandemic and will look to add to the investment on further weakness.

Spotify was also a detractor from performance during the quarter. We initiated an investment position in Spotify during the quarter following the company's investor day in late May. Management clearly laid out a path to constant currency growth in the mid-teens and gross margins in the 35-40% range, both metrics above prior expectations. Shares have since traded off on concerns around subscriber growth and timing of the new platform launches. Management has consistently executed against skepticism in the business model, and we view this scenario no differently. We will look to add shares on further weakness.

OUTLOOK

Semiconductor performance and the "picks and shovels" trade was the focus of the first half of 2026. Many of the areas like semi-cap equipment companies, small to medium sized market-cap semiconductor and infrastructure software companies are now fairly (if not richly) valued in our view with a more balanced risk/reward profile. In the back half of 2026, we are focused on seeing all this Capex translate into greater revenue acceleration for the hyperscalers. In the first half of the year, the hyperscalers significantly underperformed the broader technology company landscape. We believe that the Capex outlay in the first half of the year, combined with very reasonable valuations, offers a great setup for Meta, Microsoft, Amazon and Google into the back-half of the year. Although we have trimmed shares back a bit, the fund remains significantly overweight those four positions.

We are also closely monitoring new Federal Reserve president Kevin Warsh and interest rate expectations. Yields have moved higher and the 10-year US Treasury yield breached 4.60% due to inflation concerns. Earlier in the year it was widely believed that Warsh would become a puppet for President Trump, lowering rates to grease the economy. Thus far his commentary has been anything but dovish as he clearly sees a need to put a lid on inflation and protect the consumers purchasing power. The Fed Funds Futures curve has gone from pricing in nearly three interest rate cuts back in January to just 1.5 rate hikes on the year. We continue to believe the bar to justify a hike is quite high and absent significantly higher inflation, rates will remain flat through year end. Given Capex spending from the hyperscalers is likely to eclipse $1 trillion in 2027, bond yields will be a critical factor underpinning the entire AI trade.

INTERESTED IN MORE INFO?

For questions or to speak with a relationship manager about adding any of the 10 Buffalo Funds to your portfolio, contact:

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The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information about the investment company and can be obtained by calling 800-492-8332 or visiting buffalofunds.com. Read carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than large-cap companies. The Fund invests in foreign securities which involve greater volatility and political, economic, and currency risks as well as differences in accounting methods.

Earnings growth is not representative of the Fund's future performance. Investing in both actively and passively managed mutual funds involves risks and principal loss is possible.

The opinions expressed are those of the Portfolio Managers and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

The Russell 3000® Index measures the performance of the 3,000 largest publicly held companies incorporated in the U.S. based on market capitalization. The Russell 3000® Growth Index is a market-capitalization weighted index that measures the performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 3000® Value Index is an unmanaged index with a market-capitalization weighted equity based on the Russell 3000® Index, which measures how U.S. stocks in the equity value segment perform. The Conference Board of Leading Economic Index provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. The Russell 1000® Index is an unmanaged capitalization-weighted index of approximately 1,000 of the largest companies in the U.S. equity markets. The Russell 2000® Index is an unmanaged index that consists of the smallest 2,000 securities in the Russell 3000® Index, representing approximately 10% of the Russell 3000® total market capitalization. The Russell Microcap® Index is an unmanaged capitalization weighted index of 2,000 small cap and micro cap companies. The Bloomberg US Aggregate Bond Index is a broad base, market capitalization weighted bond market index representing intermediate term investment grade bonds traded in the United States. The Russell 3000® Value Index is an unmanaged index with a market-capitalization weighted equity based on the Russell 3000® Index, which measures how U.S. stocks in the equity value segment perform. The Russell Midcap® Index is an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000® Index, which represent approximately 26% of the total market capitalization of the Russell 1000® Index. The Magnificent Seven is a term used to describe the technology oriented, highly influential companies of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. It is not possible to invest directly in an index. A basis point is one hundredth of a percentage point (0.01%). A yield curve is a line that plots the yields, or interest rates, of bonds that have equal credit quality but different maturity dates. Price-Earnings (P/E) Ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. EBITDA stands for earnings before interest, taxes, depreciation and amortization. EBITDA is one indicator of a company's financial performance and is used as a proxy for a company's current operating profitability. Capital expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. The fed funds futures curve is a sequence of monthly market prices for 30-day federal funds futures contracts that maps out market expectations for the future path of the U.S. central bank's interest rate.

*Top Ten Holdings for the quarter are not disclosed until 60 days after quarter end. Those listed are as of 3/31/2026. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

Kornitzer Capital Management is the adviser to the Buffalo Funds, which are distributed by Quasar Distributors, LLC.